



State of Washington
Department of Revenue

Excise Tax Advisory

Excise Tax Advisories (ETA) are interpretive statements issued by the Department of Revenue under authority of RCW 34.05.230. ETAs explain the Department's policy regarding how tax law applies to a specific issue or specific set of facts. They are advisory for taxpayers; however, the Department is bound by these advisories until superseded by Court action, Legislative action, rule adoption, or an amendment to or cancellation of the ETA.

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NONPROFIT CORPORATION PURCHASING EQUIPMENT WITH FEDERAL FUNDS

Issued September 23, 1966

Where a nonprofit corporation purchases equipment with funds from the Federal Government to implement a social welfare program - are the Purchases exempt from Sales Tax?

The taxpayer was a nonprofit corporation which purchased equipment for use in conducting social welfare programs. All funds required by the corporation were furnished by the Federal Government although the taxpayer received title to the property. An exemption from Sales Tax on the purchase of the equipment was claimed because of the participation of the Federal Government in the program.

Rule 190 provides an exemption from Sales Tax for sales to the United States, its departments, institutions, and instrumentalities. No Congressional legislation established corporations such as the taxpayer as departments, institutions, or instrumentalities of the United States. Even though federal funds were used to purchase the equipment, the taxpayer, a private corporation, was held subject to Sales Tax on these purchases.

(Letter)

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

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